

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AID-20 OMB-01 SCI-06 FEA-02 COME-00

INT-08 TRSE-00 NEA-11 DRC-01 (ISO) W

----- 089279

R 241625Z JAN 74

FM AMEMBASSY VALLETTA

RO RUEHC/SECSTATE WASHDC 5174

INFO AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TRIPOLI

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E.O. 11652: N/A

TAGS: ENRG, MT

SUBJ:ENERGY: MINTOFF REACTS TO CRITICISM OVER PRICE INCREASES

REF: VALLETTA 143 B. VALLETTA 1583, SEPT 15, 1972.

1. SUMMARY: IN REACTION TO GROWING CRITICISM OVER DRAMATIC FUEL PRICE INCREASES, MINTOFF THREATENED TO INVOKE SEDITION ACTS AGAINST CRITICS. HE ALSO EXPLAINED THAT NEW FUEL PRICE STRUCTURE WAS DESIGNED TO PUT LEAST PRESSURE ON THOSE WHO CAN AFFORD IT LEAST, I.E., GOM ORDER OF PREFERENCE IS KEROSENE, BOTTLED AND PIPED GAS, ELECTRICITY, DIESEL AND GASOLINE. END SUMMARY.

2. IN PARLIAMENTARY DEBATE JAN 23, MINTOFF EXPLAINED THAT WITH NEW COST STRUCTURE FOR MALTA'S IMPORTED FUEL REQUIREMENTS, ENERGY COMSUMPTION WOULD HAVE TO BE REDUCED. OTHERWISE IF CONSUMPTION MAINTAINED AT PRE-CRISIS
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LEVEL, 15 MILLION MALTA POUNDS

INCREASE IN BALANCE OF PAYMENTS DEFICIT WOULD RESULT.
WHEN PRESSED BY OPPOSITION MEMBER REFALO TO EXPLAIN
FACTORS BEHIND HIGH COST OF IMPORTED FUEL, MINTOFF
SAID GOM WOULD ASK LIBYAN COMMUNICATIONS MINISTER TAHIR BIN AMIR
WHO ARRIVED JAN 24) TO PROVIDE INFORMATION WHICH WOULD BE PASSED
ON TO OPPOSITION.

3. MINTOFF ALSO EXPLAINED INCREASED COSTS DUE TO
INADEQUATE STORAGE CAPACITY IN MALTA. HE SAID, FOR
EXAMPLE, POWER STATION, WHICH CONSUMES 30 TO 40 PERCENT
OF MALTA'S OIL IMPORTS, CANNOT STORE FUEL FOR MORE
THAN SIX WEEKS. HE ADDED PRICE FOR FUEL AT POWER
STATION, WHICH IS PROVIDED UNDER CONTRACT WITH AGIP,
HAS GONE UP FROM 14 MALTA POUNDS PER TON LAST OCTOBER
TO 52 MALTA POUNDS. HE ALSO EXPLAINED MONTEDISON'S
PRICE FOR REFINING MALTA'S CRUDE FROM
LIBYA WAS 50 PERCENT LOWER THAN PRICE QUOTED BY SHELL,
AND MONTEDISON TENDERED LOWER PRICE FOR TRANSPORT.

4. IN STRONG REACTION TO WIDESPREAD CRITICISM OF
FUEL PRICE INCREASES, MINTOFF SAID GOM NOT TO BE
BLAMED FOR THIS HARDSHIP. HE THREATENED TO INVOKE
SEDITION ACT (SEE REF B) AGAINST THOSE INCITING PEOPLE
TO TAKE ADVANTAGE OF SITUATION. HE EXPLAINED LIBYA
PROVIDING CRUDE TO THEIR FRIENDS AT COMMERCIAL
RATES WHILE SUPPLYING NO OIL TO THOSE COUNTRIES WHICH WERE
NOT FRIENDLY. HE INDICATED, HOWEVER, HE WAS PREPARED TO GIVE
OPPOSITION LEADER BORG OLIVIER MORE INFORMATION PRIVATELY.

5. MINTOFF SAID GOM POLICY WAS TO BALANCE OIL COSTS
IN SUCH A WAY THAT THOSE WHO COULD AFFORD LEAST WOULD
SUFFER LESS. ORDER OF PREFERENCE OF GOM IN
DETERMINING THIS POLITICAL PRICE STRUCTURE WAS
KEROSENE, BOTTLED AND PIPED GAS, ELECTRICITY, DIESEL
AND GASOLINE. HE ALSO WARNED GAS PRICES HAD NOT BEEN
ADEQUATELY RAISED BECAUSE OF MISCALCULATION OF
GAS BOARD AND THAT COUNTRY SHOULD BE PREPARED
FOR ASTRONOMICAL RISE IN ELECTRICITY RATES.

6. COMMENT: MINTOFF'S THREAT TO INVOKE RECENTLY
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REVISED SEDITION ACT CONFIRMS FEARS OPPOSITION MP'S
REPORTED REF B. BILL IS SO LOOSELY WORDED THAT
VIRTUALLY ANY ANTIGOVERNMENT STATEMENT COULD BE
INTERPRETED AS FALLING WITHIN SCOPE OF ACT.GETZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, DATA, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974VALLET00152
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: VALLETTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740117/aaaaapvh.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: VALLETTA 143 B. VALLETTA 1583, SEPT, 15, 1972.
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2002 by boyleja>; APPROVED <29 MAY 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NERGY: MINTOFF REACTS TO CRITICISM OVER PRICE INCREASES
TAGS: ENRG, MT
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005